

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03
NSC-05 PA-01 PRS-01 SS-15 /098 W
-----032316Z 011112 /73

R 031848Z MAR 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1224

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

AMEMBASSY STOCKHOLM

USNMR SHAPE

AMCONSUL BELFAST

AMCONSUL EDINBURGH

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DEPARTMENT PLEASE PASS LABOR, TREASURY AND FRB

E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: VARLEY'S ULTIMATUM TO BRITISH LEYLAND WORKERS

REF: LONDON 3555

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1. THE GOVERNMENT HAS DELIVERED AN ULTIMATUM TO WORKERS
AT BRITISH LEYLAND TO PUT AN END TO STRIKES OR ELSE LOSE
FUTURE GRANTS. DESPITE THE SEVERE TONE OF THE GOVERN-
MENT'S THREAT. DELIVERED BY SECRETARY OF STATE FOR
INDUSTRY ERIC VARLEY. THE HEAD OF THE COMPANY-WIDE SHOP
STEWARDS COMMITTEE. DEREK ROBINSON DEFIANTLY THREW THE

CHALLENGE BACK TO THE GOVERNMENT. WITH A CRY OF
"BLACKMAIL." COOLER HEADS MAY PREVAIL. BUT PAST HISTORY
PROVIDES LIMITED ENCOURAGEMENT FOR DRAMATIC CHANGE AT
LEYLAND.

2. YESTERDAY (MARCH 2) DURING THE EMERGENCY DEBATE ON
THE LEYLAND CRISIS, VARLEY ENDORSED A DECISION BY THE
NATIONAL ENTERPRISE BOARD, WHICH IT HAD COMMUNICATED TO
THE GOVERNMENT, NOT TO PROVIDE FURTHER FUNDS TO BRITISH
LEYLAND IN VIEW OF THE CURRENT SITUATION WITHIN THE
COMPANY. IN VARLEY'S SPEECH, DESCRIBED IN VARIOUS
PRESS REPORTS AS "HIS GRAVEST STATEMENT," "A FIERCE
ULTIMATUM." AND "A BLUNT WARNING." HE MADE IT CLEAR THAT
THERE NOT ONLY HAD TO BE A RETURN TO NORMAL WORKING AT
THE PLANT BUT ALSO AGREED OUTPUT AND PRODUCTIVITY LEVELS
FOR THE FUTURE. HE SAID: "I WANT ALL THOSE AT BRITISH

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FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03
NSC-05 PA-01 PRS-01 SS-15 /098 W
-----032316Z 011191 /73

R 031848Z MAR 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 1225
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
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LEYLAND TO BE QUITE CLEAR THAT THEIR FUTURE EMPLOYMENT
AND THE FUTURE OF THE COMPANY IS NOW IN THEIR OWN
HANDS....THEY CAN KILL IT OR THEY CAN SAVE IT."

3. LEFT-WINGERS IN THE COMMONS SUCH AS NORMAN ATKINSON,
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THE LABOR PARTY TREASURER, DEMURRED. ATKINSON ARGUED
THAT IF PRIVATE MANUFACTURERS WERE TO MAKE NEW CAPITAL
CONDITIONAL ON THE STATE OF INDUSTRIAL RELATIONS, IT
WOULD BE CONSIDERED IN THE COMMONS AS "AN ABSOLUTE
SCANDAL." AT THE COMPANY ITSELF, DEREK ROBINSON
REACTED ANGRILY, REPORTEDLY DECLARING: "WE ARE SICK
AND TIRED OF THREATS AND SABRE-RATTLING. /WE ARE NOT
GOING TO LISTEN TO THIS SORT OF BLACKMAIL. ALL THE
CURRENT PROBLEMS AND INDUSTRIAL UNREST AT LAYLAND STEM
FROM THE GOVERNMENT'S STUPID WAGES POLICY."

4. HOPEFULLY MORE SOBER REACTIONS FROM WORKERS WILL
EVOLVE AS THE IMPLICATIONS OF VARLEY'S STATEMENT SINK
IN, BUT PAST HISTORY AT BRITISH LEYLAND (REFTEL) PRO-
VIDES LITTLE ENCOURAGEMENT IN THIS RESPECT. MOREOVER,
IT STILL REMAINS TO BE SEEN WHETHER VARLEY'S VERBAL
ULTIMATUM WILL MEAN ULTIMATE TOUGH ACTION AS WELL. SINCE
BRITISH LEYLAND IS REPORTEDLY APPLYING FOR A 200 MILLION
POUND LOAN THIS SUMMER, ITS REQUEST MAY PROVIDE THE ACID
TEST OF THE GOVERNMENT INTENTIONS CONCERNING THE
COMPANY'S FUTURE.

SPIERS

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Message Attributes

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Sent Date: 03-Mar-1977 12:00:00 am
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